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ABSTRACT

This paper presents a model for compensating school districts for implementing effective prereferral programs, in order to promote the most appropriate service delivery for all students. The model develops formulae based upon changes in regular and special education enrollment, and includes state monies allocated to special education. Variables in the model include child count in the special education programs, total student enrollment, current school year, baseline year (immediately prior to the initiation of formal prereferral activities), average reimbursement per special education student, number of students reduced in child count due to prereferral activities, ratio of cost per prereferral student to special education student, and district's reimbursement for prereferral activities. A hypothetical application of the prereferral funding model is offered. (JDD)

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PREREFERRAL FUNDING:

A MODEL FOR PROMOTING SYSTEM LEVEL CHANGE

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ABSTRACT

For states in which districts' Special Education funding depends on the number of students served in Special Education programs, pre-referral activities can be a detriment to maintaining these programs. Another restraining force in the promotion of alternative service delivery systems, and in prereferral activities in particular, has been a lack of State funding for alternative support systems. This paper presents a model to compensate districts for implementing effective prereferral programs. The model develops formulae based upon changes in regular and Special Education enrollment, and includes State monies allocated to Special Education. A sample problem using a hypothetical school system is developed to demonstrate the model.

In many states Special Education funding is directly or indirectly related to the number of students served in Special Education programs. Educators and policy makers note this relationship between the number of students identified with handicaps and reimbursement. Will (Will, 1986) described this funding system as an incentive for districts through premiums to provide services. Less kindly, the process is presented as bounty hunting (Graden, Zins & Curtis, 1988) to identify handicapped students.

Throughout the country, Special Education personnel provide services not only to students with identified handicapping conditions, but also to non-identified students through consultation and other prereferral activities. One consequence of

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prereferral intervention can be a reduction in the number of students served in Special Education programs. Serving mildly handicapped and at-risk children in a mainstream environment may be in the best interest of these students. Within the context of personnel and program maintenance however, prereferral programs may be counterproductive under current funding systems. Will (1986) offers a worst case scenario.

A learning disabilities teacher and a language arts teacher team teach in a regular classroom to learning disabled and other non-identified students with reading difficulties. Because Special Education referral and placement numbers drop dramatically, the State ceases funding of the learning disabilities teacher's position and the district terminates the program. The referral rate immediately goes up and presumably, there is a need to hire a learning disabilities teacher.

This paper offers a funding model to compensate districts for engaging in effective prereferral activities and to promote the most appropriate service delivery for all students. The intention of this model is to develop a framework that may be used by State funding agencies. The acronyms used in the formula are from terms used by the author's home state, but the concepts should have general application.

PREREFERRAL FUNDING

ASSUMPTIONS

A basic premise of this model is of a set amount of tax revenue available to the State Education Office for public education. The State Office has some discretion in determining how much money goes for regular and Special Education purposes. Until the determination is made, the revenue may go for either purpose and the funds are not co-mingled at this level.

This model assumes a linear relationship between the number of Special Education students and the State allocation for the Special Education program. The actual procedure for determining Special Education funds is a complex process. In this paper, an average cost per Special Education student is calculated using the district's State allocation for Special Education and the total Special Education population.

This funding model establishes a baseline fiscal period and a current fiscal year. The baseline period is immediately prior to the initiation of formal prereferral activities within the district. This enables comparison of Special Education and total student population during the baseline and current years to measure prereferral effectiveness.

The model initiates a decimal coefficient to factor Special Education funds in calculating prereferral reimbursement. Although the specific coefficient maybe negotiable, this paper uses 0.24. That is, the district's reimbursement for prereferral systems will

be prorated at a rate approximately a quarter of Special Education allocations per student. A formula establishing 0.24 is offered later. The calculation of this coefficient is based upon several assumptions of regular and Special Education contact hours and caseloads. Specifically, the formula presumes the typical resource room has weekly total contact hours of 180. The regular classroom contains 25 students receiving 6 instructional hours daily. Variations in total contact hours will affect the coefficient.

VARIABLES

Table 1 lists and defines the variables in this prereferral funding model.

Table 1

VARIABLES

CC = Child Count
= Number of students served in Special Education programs

ANB = Average Number Belonging
= Number of students enrolled in the school system

c = Current school year

b = baseline year(s), prior to prereferral activities

k = average reimbursement per Special Ed. student

x = Number of students reduced in Child Count due to prereferral activities

r = ratio of cost per prereferral student to Special Ed. student used in determining district's reimbursement. In this paper a figure of 0.24 will be used (ie. the cost per prereferral student is one fourth that of a Special Education student.

y = district's reimbursement for prereferral activities

PREREFERRAL FUNDING

FORMULAE

The first step is a comparison of the ratio of Child Count students and total general student enrollment between baseline and current years $(CC_b/ANB_b)/(CC_c/ANB_c)$. The ratio comparison is important in negating fluctuations in student population that may be attributable to variations in school enrollment over time. When the comparison indicates a decreased frequency of Special Education students in special programs, $(CC_c/ANB_c)/(CC_b/ANB_b) < 1$, an estimation of the reduction in the number of students in the Special Education population due to prereferral activities is calculated. The equation is a function of the ratio of placement rates from the baseline, prorated to current school enrollment. [ie. $x = (CC_b/ANB_b)(ANB_c) - CC_c$].

The ratio of Special Education to regular education efficiency (r) is based on the comparison of contact hours between a typical resource room and regular classroom (ie. SpEd contact hours / reg ed contact hours = (180 hr/wk)/(25 students)(6 hr/day)(5 days/wk) = 180/750 = .24).

The number of students reduced in current Child Count due to prereferral activities (x) is multiplied by the dollars received by the district per Special Education student (k) and the funding coefficient (r) to determine the district's compensation for reduction in Special Education due to prereferral (y) [ie. y = (r) (x) (k)].

DEMONSTRATION OF MODEL

To clarify the prereferral funding model, the following hypothetical application is offered.

Midtown School had a population of 1500 students from 1982 to 1988. The average Child Count during this time was 150 students. The Midtown Special Education program received $375,000 annually from the State Special Education Fund toward servicing students with special needs.

In 1988, the Midtown Mill closed down. As a result many families moved, and the student population is now 1000. In addition, the school system initiated a formal prereferral system, Project RIDE (Beck, 1989), in 1989. RIDE is functioning smoothly and effectively. The Child Count for the current school year is 80 students.

Using this information and the proposed pre-referral formulae, the following calculations are obtained.

State SpEd $ = $375,000
CC_b = 150
ANB_b = 1500
CC_c = 80
ANB_c = 1000

$$\frac{CC_c / ANB_c}{CC_b / ANB_b} = \frac{80 / 1000}{150 / 1500} = \frac{.08}{.10} = .80$$

The ratio of Special Education students to total student body has decreased between baseline and current time periods. (The quotient of these ratios is < 1.) The reduction in Child Count may be assumed to be due in part to prereferral activities.

PREREFERRAL FUNDING

$k = \frac{\text{State SpEd \$}}{CC_b} = \frac{\$375,000}{150 \text{ students}}$

$= \$2500$ per SpEd student

$x = \frac{CC_b}{ANB_b}(ANB_c) - CC_c$

$= \frac{150}{1500}\ 1000 - 80$

$= (.10)(1000) - 80$

$= 100 - 80$

$= 20$

The number of students reduced in Child Count in the present year due to Project RIDE is calculated by multiplying the baseline SpEd ratio by the current student population and subtracting the current Child Count from this product.

$y = (r)(x)(k)$

$= (0.24)\ (20)\ (\$2500)$

$= \$12,000$

The district's reimbursement from the State is the product of the funding coefficient, the number of students reduced due to prereferral and the average cost per student.

Thus in this example, the district would receive $12,000 from the State through the General Education funds. This revenue must be used solely for supporting prereferral activities (eg. paying substitute teachers during teacher assistance team meetings, paying a portion of teachers' wages who engage in team teaching activities, etc.)

CONCLUSIONS

The current paper presents a model for counteracting a significant restraining force in promoting alternative service delivery systems. It does not does not make up for the Special

PREREFERRAL FUNDING

Education funds lost to a school district for having effective prereferral systems. This is not the intent of the model. Special Education services to mildly handicapped students are less desirable to the educational system because of greater costs and poorer learner outcomes. As service delivery systems evolve, more effective and efficient methods of service in the regular classroom setting should be encouraged.

The revenue needed to support the prereferral funding model should come from the State Education Office. State and Federal laws prohibit co-mingling of regular and Special Education monies. Therefore the prereferral funds cannot come directly from Special Education sources. Districts' Special Education funds diminish due to decreased numbers of identified handicapped students. At the State Office of Education, Special Education funding needs are slightly decreased, resulting in a similarly slight increase of general education funds available. A portion of this money no longer committed to Special Education is reallocated to prereferral funding through the general education monies. In this way the prereferral money originates from Special Education revenues that would have been lost to the district, and in this sense saved by the State. The model does not cost the State additional revenue to implement, and promotes a system that reduces State net costs for Public Education.

PREREFERRAL FUNDING

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